

Wooster City School District

# Five Year Forecast Financial Report

November, 2023

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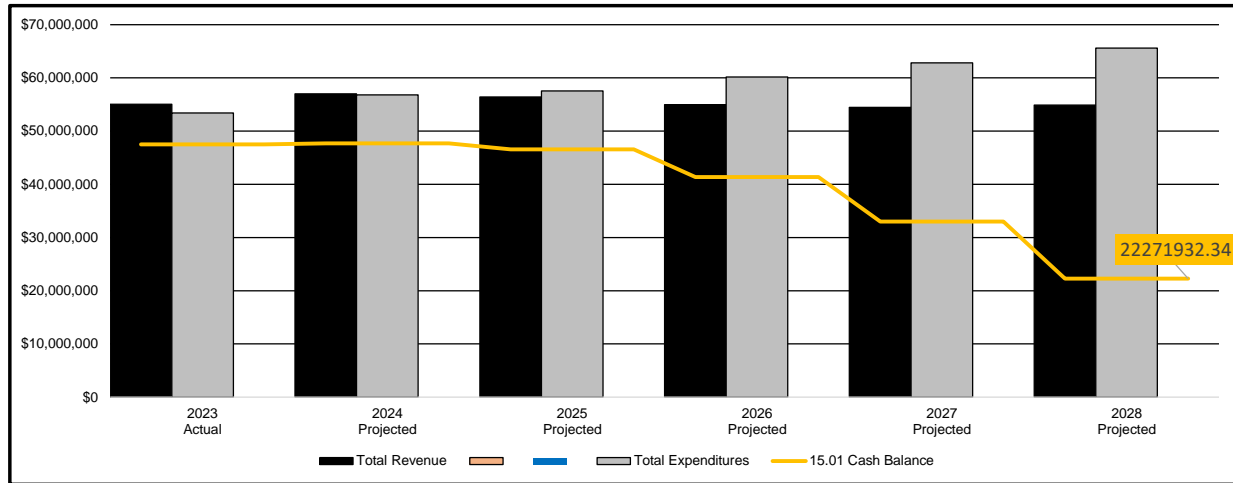
### **Forecast Purpose/Objectives**

Ohio Department of Education's purposes/objectives for the five-year forecast are:

1. To engage the local board of education and the community in the long range planning and discussions of financial issues facing the school district.
2. To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate."
3. To provide a method for the Department of Education and Auditor of State to identify school districts with potential financial problems.

Forecast Methodology - This forecast is prepared based upon historical trends and current factors. This information is then extrapolated into estimates for subsequent years. The forecast variables can change multiple times throughout the fiscal year and while cash flow monitoring helps to identify unexpected variances no process is guaranteed. The intent is to provide the district's financial trend over time and a roadmap for decisions aimed at encouraging financial sustainability and stability.

### Forecast Summary



Note: Cash balance (Line 7.020) plus any existing levy modeled as renewed or new during the forecast.

### Financial Forecast

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028
Beginning Balance (Line 7.010) Plus	47,516,461	47,699,264	46,577,202	41,359,762	32,997,255
+ Revenue	57,006,036	56,421,432	54,955,151	54,467,801	54,900,929
+ Proposed Renew/Replacement Levies	-	-	-	-	-
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(56,823,233)	(57,543,494)	(60,172,591)	(62,830,308)	(65,626,251)
= Revenue Surplus or Deficit	182,803	(1,122,062)	(5,217,441)	(8,362,507)	(10,725,322)
Line 7.020 Ending Balance with renewal/new levies	47,699,264	46,577,202	41,359,762	32,997,255	22,271,932

### Analysis Without Renewal Levies Included:

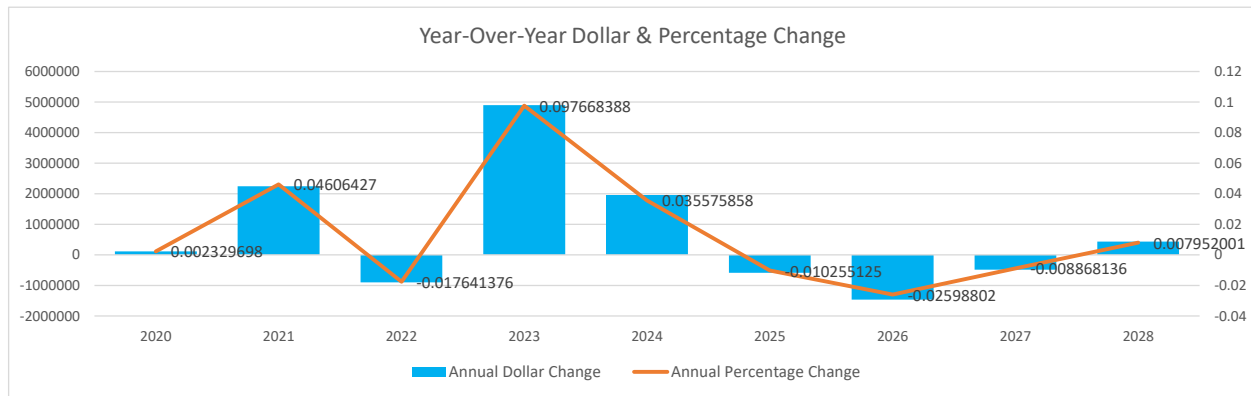
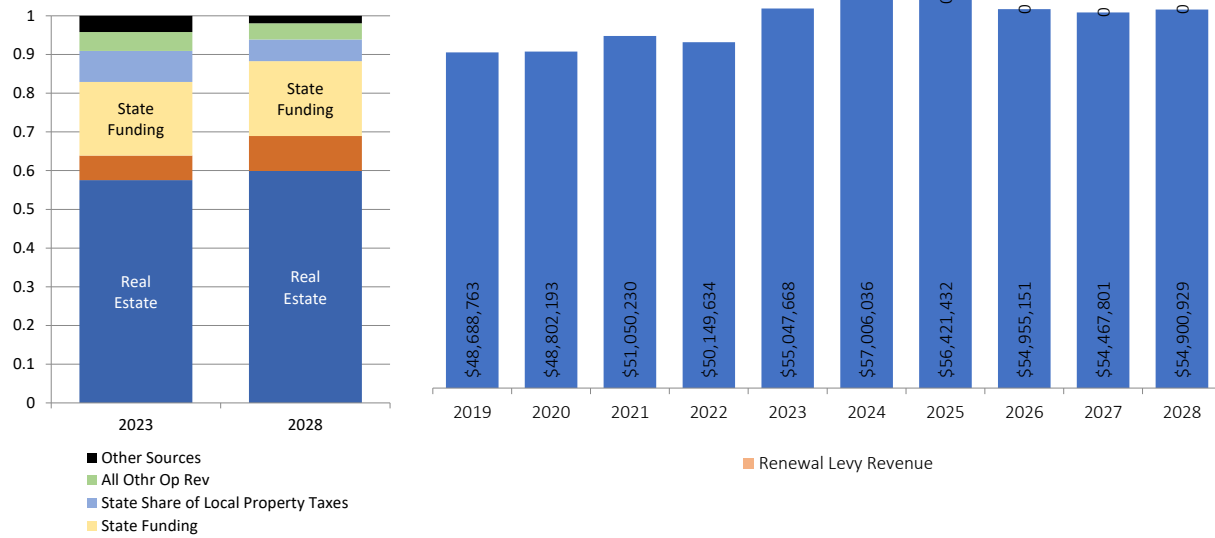
Revenue Surplus or Deficit w/o Levies	182,803	(1,122,062)	(5,217,441)	(8,362,507)	(10,725,322)
Ending Balance w/o Levies	47,699,264	46,577,202	41,359,762	32,997,255	22,271,932

In FY 2024 a revenue surplus is expected. This means that expenditures are expected to be less than revenue by -\$182,803 in FY 2024. By the last year of the forecast, FY 2028, the district is expected to have a revenue shortfall where expenditures are projected to be greater than revenue by \$10,725,322. The district would need to cut its FY 2028 projected expenses by 16.34% in order to balance its budget without additional revenue.

The district's cash balance is positive at year-end in FY 2024 and is projected to worsen by FY 2028. A worsening cash balance can erode the district's financial stability over time.

## Revenue Overview

Sources of Revenue Over Time



Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Real Estate	\$1,098,454	\$242,934	(\$855,519)	Total revenue increased 3.21% or \$1,589,726 annually during the past 4-Year period and is projected to decrease -0.03% or -\$29,348 annually through FY2028. Real Estate has the most projected average annual variance compared to the historical average at -\$855,519
Public Utility	\$872,903	\$292,200	(\$580,703)	
Income Tax	\$0	\$0	\$0	
State Funding	(\$192,509)	\$32,350	\$224,859	
State Share-Local Prop. Taxes	(\$391,973)	(\$266,188)	\$125,785	
All Othr Op Rev	\$96,384	(\$79,762)	(\$176,147)	
Other Sources	\$106,467	(\$250,882)	(\$357,349)	
<b>Total Average Annual Change</b>	<b>\$1,589,726</b> 3.21%	<b>(\$29,348)</b> -0.03%	<b>(\$1,619,074)</b> -3.24%	

Note: Expenditure average annual change is projected to be > \$2,440,375 On an annual average basis, expenditures are projected to grow faster than revenue.

## Revenue Notes

### REAL ESTATE REVENUE

Real estate property tax revenue accounts for 57.55% of total revenue. Class I or residential/agricultural taxes make up approximately 60.59% of the real estate property tax revenue. The Class I tax rate is 31.17 mills in tax year 2023. The projections reflect an average gross collection rate of 99.0% annually through tax year 2027. The revenue changed at an average annual historical rate of 3.90% and is projected to change at an average annual rate of 0.76% through FY 2028.

### PUBLIC UTILITY - PERSONAL PROPERTY REVENUE

The public utility personal property tax revenue is generated from the personal property values, additions, and depreciation reported by the utility companies. This category currently makes up 6.34% of total district revenue. The property is taxed at the full voted tax rate which in tax year 2023 is 80.1 mills. The forecast is modeling an average gross collection rate of 100.27%. The revenue changed historically at an average annual dollar amount of \$872,903 and is projected to change at an average annual dollar amount of \$292,200 through FY 2028.

### INCOME TAX REVENUE

The district does not have an income tax levy.

### UNRESTRICTED STATE AID REVENUE

Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data. For Wooster City School District the calculated Base Cost total is \$25,994,341 in FY 2024. The state's share of the calculated Base Cost total is \$9,364,945 or \$3,036 per pupil.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.

### RESTRICTED STATE AID REVENUE

Restricted aid is the portion of state per pupil funding that must be classified as restricted use. Historically the district's restricted state aid changed annually on average by \$266,103 and is projected to change annually on average by \$19,586. Restricted funds represent 2.14% of total revenue. Starting in FY 2022 the district's Success & Wellness funding is considered restricted, the state's share of this funding is recorded as restricted is \$371,766. This funding has implications on general fund expenditures in that certain spending now occurring in a fund external to the general fund could shift to the general fund. The expenditures in this forecast are adjusted to reflect this change.

### STATE SHARE OF LOCAL PROPERTY TAXES REVENUE

State Share of Local Property Taxes primarily consists of reimbursements from the state of Ohio for local taxpayer credits or reductions. The state reduces the local taxpayer's tax bill with a 10% rollback credit, and 2.5% owner-occupied rollback credit, plus a homestead credit for qualifying taxpayers. In FY 2024, approximately 10.4% local residential property taxes will be reimbursed by the state in the form of rollback credits and approximately 2.9% will be reimbursed in the form of qualifying homestead exemption credits.

### OTHER REVENUE

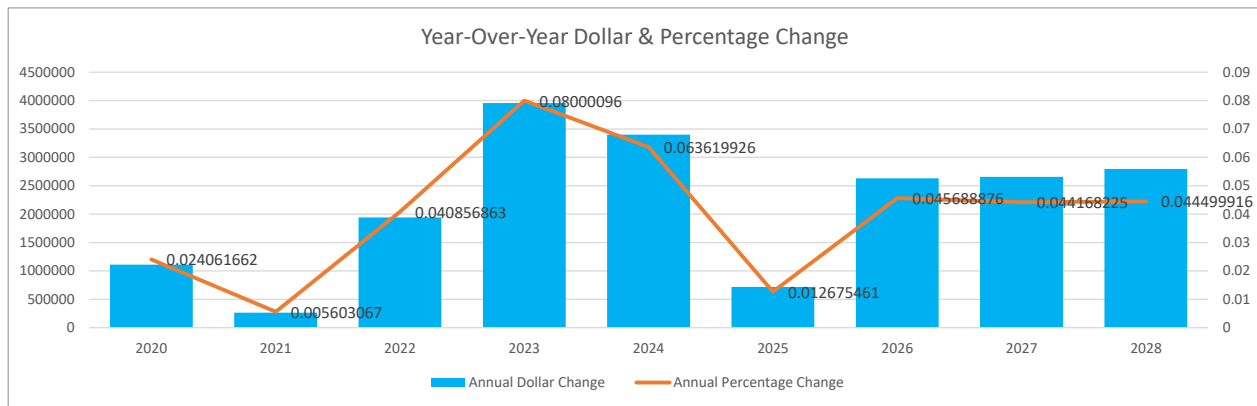
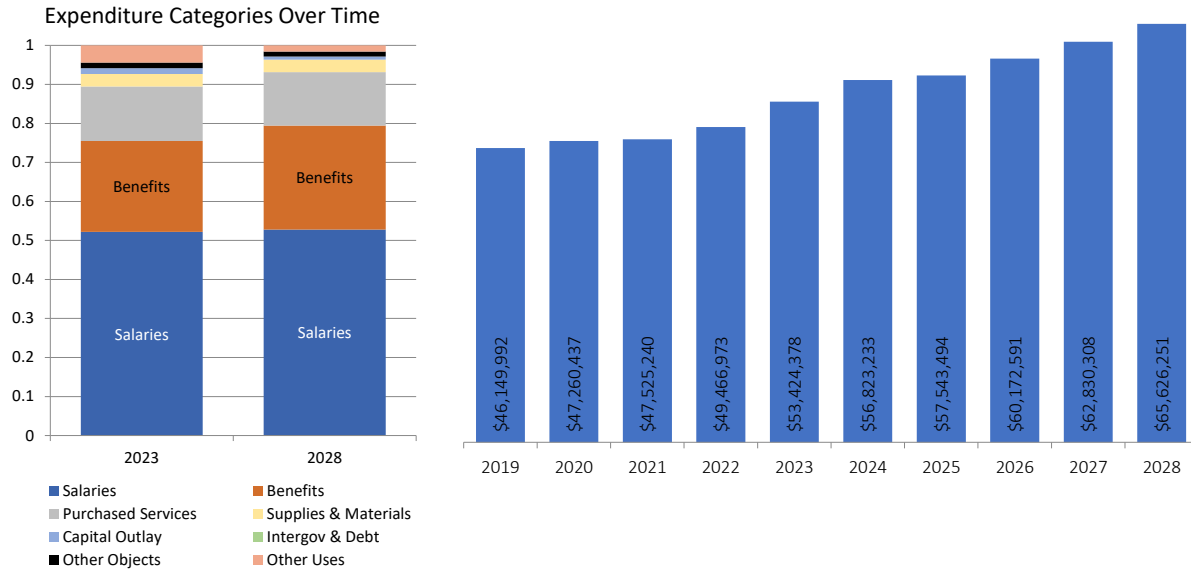
Other revenue includes tuition received by the district for non-resident students educated by the district. It also includes interest income, payments in lieu of taxes, and miscellaneous revenue. The historical average annual change was \$96,384. The projected average annual change is -\$79,762 through FY 2028.

### OTHER FINANCING SOURCES

Other sources includes revenue that is generally classified as non-operating. Return advances-in are the most common revenue source. In FY 2023 the district received \$2,264,600 as advances-in and is projecting advances of \$2,309,486 in FY 2024. The district also receives other financing sources such as refund of prior year expenditures in this category. The district is projecting that all other financing sources will be \$48,183 in FY 2024 and average \$48,183 annually through FY 2028.

### ADDITIONAL REVENUE NOTES

## Expenditure Overview



### Historical Actual Average Annual Dollar Change Compared to 5-Year Projected

	Historical Average Annual \$ Change	Projected Average Annual \$ Change	Projected Compared to Historical Variance	
Salaries	\$987,613	\$1,349,835	\$362,222	Total expenditures increased 3.76% or \$1,818,597 annually during the past 4-Year period and is projected to increase 4.57% or \$2,440,375 annually through FY2028. Other Uses has the largest projected average annual variance compared to the historical average at -\$443,365.
Benefits	\$655,764	\$1,014,631	\$358,867	
Purchased Services	(\$51,570)	\$302,728	\$354,298	
Supplies & Materials	\$85,357	\$81,984	(\$3,374)	
Capital Outlay	(\$73,196)	(\$61,919)	\$11,277	
Intergov & Debt	\$0	\$0	\$0	
Other Objects	\$39,023	\$20,876	(\$18,147)	
Other Uses	\$175,606	(\$267,759)	(\$443,365)	
<b>Total Average Annual Change</b>	<b>\$1,818,597</b> 3.76%	<b>\$2,440,375</b> 4.57%	<b>\$621,778</b> 0.80%	

Note: Expenditure average annual change is projected to be > \$2,440,375. On an annual average basis, revenue are projected to contract while expenditures grows

## Expenditure Notes

### **SALARY EXPENSE**

Salaries represent 52.22% of total expenditures and increased at a historical average annual rate of 3.91% or \$987,613. This category of expenditure is projected to grow at an annual average rate of 4.43% or \$1,349,835 through FY 2028. The projected average annual rate of change is 0.52% more than the five year historical annual average.

### **BENEFIT EXPENSE**

Benefits represent 23.25% of total expenditures and increased at a historical average annual rate of 6.32% This category of expenditure is projected to grow at an annual average rate of 7.10% through FY 2028. The projected average annual rate of change is 0.78% more than the five year historical annual average.

### **PURCHASED SERVICES EXPENSE**

Purchased Services represent 14.01% of total expenditures and increased at a historical average annual rate of 0.71%. This category of expenditure is projected to grow at an annual average rate of 3.76% through FY 2028 The FSFP funds only district educated enrollment thereby reducing tuition cost for open enrollment out, community schools, STEM, and scholarships starting in FY 2022. This change resulted in lower district cost but also less per pupil state revenue since per pupil funding was paid directly by the state to the attending school.

### **SUPPLIES & MATERIALS EXPENSE**

Supplies & Materials represent 3.15% of total expenditures and increased at a historical average annual rate of 7.46%. This category of expenditure is projected to grow at an annual average rate of 7.23% through FY 2028. The projected average annual rate of change is -0.23% less than the five year historical annual average.

### **CAPITAL OUTLAY EXPENSE**

Capital Outlay represent 1.53% of total expenditures and decreased at a historical average annual amount of -\$73,196. This category of expenditure is projected to decrease at an annual average rate of -\$61,919 through FY 2028. The projected average annual change is less than the five year historical annual average.

### **INTERGOVERNMENTAL & DEBT EXPENSE**

The Intergovernmental/Debt expenditure category details general fund debt issued by the District.

### **OTHER OBJECTS EXPENSE**

Other Objects represent 1.41% of total expenditures and increased at a historical average annual rate of 6.01%. This category of expenditure is projected to grow at an annual average rate of 2.63% through FY 2028. The projected average annual rate of change is -3.38% less than the five year historical annual average.

### **OTHER USES EXPENSES**

Other Uses includes expenditures that are generally classified as non-operating. It is typically in the form of advances-out which are then repaid into the general fund from the other district funds. In FY 2023 the district had advances-out and has advances-out forecasted through FY 2028. The district can also move general funds permanently to other funds, the district has transfers forecasted through FY 2028. The district can also have other uses of funds.

### **ADDITIONAL EXPENDITURE NOTES**

**Wooster City School District**

Five Year Forecast

November, 2023

Fiscal Year:	Actual			FORECASTED				
	2021	2022	2023	2024	2025	2026	2027	2028
<b>Revenue:</b>								
1.010 - General Property Tax (Real Estate)	27,662,051	30,196,120	31,681,564	31,894,205	32,424,343	32,509,907	32,717,906	32,896,236
1.020 - Public Utility Personal Property	2,660,708	2,976,368	3,492,571	3,998,547	4,231,367	4,472,102	4,712,836	4,953,571
1.030 - Income Tax	-	-	-	-	-	-	-	-
1.035 - Unrestricted Grants-in-Aid	10,503,682	9,441,362	9,285,975	10,331,431	9,895,076	9,731,705	9,372,460	9,349,794
1.040 - Restricted Grants-in-Aid	382,068	842,605	1,180,376	1,377,030	1,357,325	1,345,192	1,263,302	1,278,306
1.050 - State Share-Local Property Taxes	5,157,667	4,738,909	4,402,440	4,049,063	3,699,046	3,313,556	3,049,775	3,071,500
1.060 - All Other Operating Revenues	2,455,250	1,135,155	2,702,150	2,998,091	2,766,092	2,534,506	2,303,339	2,303,339
<b>1.070 - Total Revenue</b>	<b>48,821,426</b>	<b>49,330,519</b>	<b>52,745,076</b>	<b>54,648,367</b>	<b>54,373,249</b>	<b>53,906,968</b>	<b>53,419,618</b>	<b>53,852,746</b>
<b>Other Financing Sources:</b>								
2.010 - Proceeds from Sale of Notes	-	-	-	-	-	-	-	-
2.020 - State Emergency Loans and Adv	-	-	-	-	-	-	-	-
2.040 - Operating Transfers-In	1,209,710	3,004	1,324	-	-	-	-	-
2.050 - Advances-In	920,250	717,750	2,264,600	2,309,486	2,000,000	1,000,000	1,000,000	1,000,000
2.060 - All Other Financing Sources	98,845	98,362	36,668	48,183	48,183	48,183	48,183	48,183
<b>2.070 - Total Other Financing Sources</b>	<b>2,228,804</b>	<b>819,116</b>	<b>2,302,592</b>	<b>2,357,669</b>	<b>2,048,183</b>	<b>1,048,183</b>	<b>1,048,183</b>	<b>1,048,183</b>
<b>2.080 - Total Rev &amp; Other Sources</b>	<b>51,050,230</b>	<b>50,149,634</b>	<b>55,047,668</b>	<b>57,006,036</b>	<b>56,421,432</b>	<b>54,955,151</b>	<b>54,467,801</b>	<b>54,900,929</b>
<b>Expenditures:</b>								
3.010 - Personnel Services	24,947,585	26,148,014	27,900,241	29,021,988	30,614,668	31,952,166	33,271,516	34,649,414
3.020 - Employee Benefits	10,867,637	10,722,523	12,423,014	13,184,140	14,529,444	15,462,794	16,445,032	17,496,167
3.030 - Purchased Services	8,133,567	6,184,809	7,483,281	7,969,385	8,220,872	8,480,461	8,734,875	8,996,921
3.040 - Supplies and Materials	1,162,728	1,358,284	1,685,068	2,542,720	1,862,620	1,937,704	2,015,134	2,094,986
3.050 - Capital Outlay	1,030,814	1,916,471	819,597	1,322,000	510,000	510,000	510,000	510,000
Intergovernmental & Debt Service	-	-	-	-	-	-	-	-
4.300 - Other Objects	645,160	684,125	754,381	763,000	785,890	809,467	833,751	858,763
<b>4.500 - Total Expenditures</b>	<b>46,787,490</b>	<b>47,014,226</b>	<b>51,065,582</b>	<b>54,803,233</b>	<b>56,523,494</b>	<b>59,152,591</b>	<b>61,810,308</b>	<b>64,606,251</b>
<b>Other Financing Uses</b>								
5.010 - Operating Transfers-Out	20,000	188,147	48,793	20,000	20,000	20,000	20,000	20,000
5.020 - Advances-Out	717,750	2,264,600	2,309,486	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000
5.030 - All Other Financing Uses	-	-	517	-	-	-	-	-
<b>5.040 - Total Other Financing Uses</b>	<b>737,750</b>	<b>2,452,747</b>	<b>2,358,796</b>	<b>2,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>
<b>5.050 - Total Exp and Other Financing Uses</b>	<b>47,525,240</b>	<b>49,466,973</b>	<b>53,424,378</b>	<b>56,823,233</b>	<b>57,543,494</b>	<b>60,172,591</b>	<b>62,830,308</b>	<b>65,626,251</b>
<b>6.010 - Excess of Rev Over/(Under) Exp</b>	<b>3,524,990</b>	<b>682,661</b>	<b>1,623,290</b>	<b>182,803</b>	<b>(1,122,062)</b>	<b>(5,217,441)</b>	<b>(8,362,507)</b>	<b>(10,725,322)</b>
<b>7.010 - Cash Balance July 1 (No Levies)</b>	<b>41,685,519</b>	<b>45,210,509</b>	<b>45,893,171</b>	<b>47,516,461</b>	<b>47,699,264</b>	<b>46,577,202</b>	<b>41,359,762</b>	<b>32,997,255</b>
<b>7.020 - Cash Balance June 30 (No Levies)</b>	<b>45,210,509</b>	<b>45,893,171</b>	<b>47,516,461</b>	<b>47,699,264</b>	<b>46,577,202</b>	<b>41,359,762</b>	<b>32,997,255</b>	<b>22,271,932</b>
				<b>Reservations</b>				
8.010 - Estimated Encumbrances June 30	1,570,563	2,051,160	1,066,734	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
9.080 - Reservations Subtotal	-	-	-	-	-	-	-	-
<b>10.010 - Fund Bal June 30 for Cert of App</b>	<b>43,639,947</b>	<b>43,842,010</b>	<b>46,449,727</b>	<b>46,699,264</b>	<b>45,577,202</b>	<b>40,359,762</b>	<b>31,997,255</b>	<b>21,271,932</b>
<b>Rev from Replacement/Renewal Levies</b>								
11.010 & 11.020 - Renewal Levies	-	-	-	-	-	-	-	-
11.030 - Cumulative Balance of Levies	-	-	-	-	-	-	-	-
<b>12.010 - Fund Bal June 30 for Cert of Obligations</b>	<b>43,639,947</b>	<b>43,842,010</b>	<b>46,449,727</b>	<b>46,699,264</b>	<b>45,577,202</b>	<b>40,359,762</b>	<b>31,997,255</b>	<b>21,271,932</b>
<b>Revenue from New Levies</b>								
13.010 & 13.020 - New Levies	-	-	-	-	-	-	-	-
13.030 - Cumulative Balance of New Levies	-	-	-	-	-	-	-	-
<b>15.010 - Unreserved Fund Balance June 30</b>	<b>43,639,947</b>	<b>43,842,010</b>	<b>46,449,727</b>	<b>46,699,264</b>	<b>45,577,202</b>	<b>40,359,762</b>	<b>31,997,255</b>	<b>21,271,932</b>